

the classification of the State's budgetary funds and the timing of recognition of certain revenues and expenditures. A summary of the effects of the fund structure differences and exceptions to the modified accrual basis of accounting, as of June 30, 1996, follows (amounts expressed in thousands).

	Total Budgetary Fund Equities and Other Accounts June 30, 1996	Financial Statement Funds							Component Units	
		General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency		Higher Education	Proprietary Funds
Classification of budgetary fund equities and other accounts into GAAP fund structure:										
General.....	\$ 594,542	\$594,542								
Special.....	582,476	185,800	\$223,465	\$ 53,497	\$ 17,424	\$ 74,729				\$ 27,561
Current unrestricted.....	178,187								\$ 178,187	
Current restricted.....	3,153								3,153	
Other accounts (a):										
Non-budgeted.....	329,198	23,874	239,086	66,170	38	30				
Debt service transportation bonds.....	32,860			32,860						
Capital projects.....	201,693				107,539	94,154				
Enterprise.....	733,937					733,937				
Expendable trust.....	739,120						\$ 739,120			
Pension trust.....	20,790,270						20,790,270			
Component units:										
Higher education.....	2,444,364								2,444,364	
Proprietary funds.....	29,565									29,565
Budgetary fund equities and other accounts classified into GAAP fund structure:	<u>\$26,659,365</u>	804,216	462,551	152,527	125,001	902,850	21,529,390	2,625,704		57,126
Accounting principle differences:										
Assets recognized in the GAAP financial statements not recognized for budgetary purposes:										
Cash.....		34,303								
Other accounts receivable.....		18,866								
Loans to other funds.....			1,000							
Property, plant and equipment, net.....										(74,010)
Investments in direct financing leases.....										206,019
Liabilities recognized in GAAP financial statements not recognized for budgetary purposes:										
Accounts payable and accrued liabilities.....		(72,086)								
Deferred revenue.....		(29,177)								
Loans from other funds.....			(25,000)							
Accrued self-insurance costs.....		4,279								
GAAP financial statement fund equities, June 30, 1996.....		\$760,401	\$438,551	\$152,527	\$125,001	\$902,850	\$21,529,390	\$2,625,704		\$ 189,135

(a) The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. In addition to the accounting system maintained by the Comptroller, certain individual agencies, which are not subject to the State's budget, maintain accounting systems which are required to be included to properly present the State's financial reporting in accordance with generally accepted accounting principles.

4. Cash and Cash Equivalents and Investments:

Substantially all cash and cash equivalents of the governmental fund types and certain enterprise and fiduciary funds are maintained by the State Treasurer on a pooled basis. The State Treasurer's Office invests short-term cash balances on a daily basis. The investments consist of securities or repurchase agreements. Under the State Finance and Procurement Article of the Annotated Code of Maryland, Title 6, Subtitle 2, the State Treasurer may only invest in the following.

- Any obligation for which the United States Government has pledged its faith and credit for the payment of principal and interest.
- Any obligation that a United States agency issues in accordance with an act of Congress.
- Repurchase agreements that any of the above obligations secure.
- Banker's acceptances.